



REPORT TO: COMMUNITIES COMMITTEE ON 28 MAY 2019

SUBJECT: HOUSING INVESTMENT 2018/19

**BY: CORPORATE DIRECTOR (ECONOMIC DEVELOPMENT,
PLANNING AND INFRASTRUCTURE)**

1. REASON FOR REPORT

- 1.1 This report informs the Communities Committee of the near final budget position to 31 March 2019 for the Housing Investment Programme for 2018/19.
- 1.2 This report is submitted to Committee in terms of Section III G (3) of the Council's Scheme of Administration relating to the maintenance of the Council's housing stock.

2. RECOMMENDATION

- 2.1 It is recommended that the Committee considers and notes the near final position as at 31 March 2019 with regards to the Housing Investment Programme for 2018/19.**

3. BACKGROUND

3.1 Investment Programme

APPENDIX I shows income and expenditure for 2018/19. The Appendix includes expenditure on the Council house new build programme as 'Other Capital Expenditure' however this is now the subject of a separate monitoring report and the figure is for information only. Spend of £11.451m was achieved on the Housing Investment Programme to 31 March 2019, which represents 91% of the agreed programme. The expenditure figure represents payments which have progressed through the finance system to 31 March 2019. The Housing Investment Programme for 2018/19 continued to reflect investment required to maintain the housing stock at the Scottish Housing Quality Standard (SHQS), attain the Moray Standard (TMS) and replace life expired elements such as kitchens, heating and windows on a lifecycle basis. It also includes capital expenditure aimed at achieving the Energy Efficiency Standard for Social Housing (EESH) by 2020.

- 3.2 APPENDIX II** shows expenditure on Response and Void Repairs. Spend was £3.575m to 31 March 2019 and represented a 9% overspend of the agreed programme. This overspend of £283k is slightly above the previously projected overspend of £250k and relates mainly to expenditure on void

properties. This overspend can be contained within the overall Housing Investment Budget.

3.3 **APPENDIX III** shows expenditure on Estate Works. Spend of £578k was achieved to 31 March 2019 and represents 86% of the agreed programme level. The major areas of variance are:

- Garage Upgrades – £45k underspend due to delays outwith service control.
- Estates Upgrades - £80k underspent due to contracts still to be completed and some works reduced in scope following inspection/survey.
- Miscellaneous - £77k overspend for unforeseen works carried out under this budget head that could not be appropriately funded from other budget areas.

3.4 **APPENDIX IV** shows expenditure on Cyclic Maintenance. Spend of £1.516m was achieved to 31 March 2019 and represents an 8% overspend of the agreed programme level. The major areas of variance are:

- Gas Servicing - £226k overspend due to increased levels of 'out-with' repairs not covered as part of the regular gas servicing and charged as additions to the contract.
- Prepaint Repairs & External Painterwork - £88k underspend due to resourcing issues within Building Services.

3.5 **APPENDIX V** shows expenditure on Planned Maintenance and Other Investments. Spend of £5.782m was achieved to 31 March 2019 and represents 80% of the agreed programme. The major areas of variance are:

- Kitchens and Bathroom Upgrades - £298k underspend due to resourcing and programming issues within Building Services.
- Central Heating - £355k overspend due to the inclusion of a number of additional full replacements where systems required immediate replacement due to failure.
- EESSH – £1.110m underspend within this budget. As previously reported to committee the budget requirement for EESSH was reduced to £895k following revised guidance issued by the Scottish Government. The final true underspend of £145k is due to substantially reduced work requirements on some contracts, specifically cavity wall insulation and loft insulation.
- Rainwatergoods - £173k underspent due to procurement issues and late start on site by appointed contractor.
- Plumbing Upgrades - £254k overspend due to significant numbers of heating system boilers requiring immediate replacement due to failure.
- Common Stairs - £65k overspend due to over commitment of budget and agreement of historical final account.

3.6 General Programme Updates

54 properties have had asbestos tanks, associated debris or other asbestos containing materials (ACM's) removed during the financial year to date. The presence of asbestos materials in some properties has an impact on the Council's planned maintenance and void works however removal works are

implemented in advance wherever possible in order to keep any programme delays to a minimum.

- 3.7 The contractor appointed to install External Wall Insulation (EWI) to 19 non-traditional properties located in Forres and Lossiemouth, where adjacent private sector properties have already been improved through the Home Energy Efficiency Programme for Scotland: Area Based Scheme (HEEPS:ABS) has now completed work on all the properties. These improvement works will allow the Council to make progress towards meeting EESSH by 2020.
- 3.8 Contractors involved in the Warm Homes Fund heating project being carried out in conjunction with Perth and Kinross Council, Scottish and Southern Energy (SSE) and Scotia Gas Networks (SGN) have now completed their pre-installation surveys, however a full programme of installations is still awaited from SSE. Work is likely to start in late May 2019.
- 3.9 The contractor appointed to carry out 127 EESSH related heating replacements has now completed all properties within the contract. The same contractor has also completed a further 20 replacements related to SHQS failures. These projects will also assist with meeting EESSH and SHQS through the replacement of older inefficient gas and electric heating systems with new energy efficient gas heating.
- 3.10 Income and Expenditure for Private Sector Housing
APPENDIX VI shows the position with regard to grant expenditure for Private Sector Housing Grants to 31 March 2019. The budget in category B is now the responsibility of the Moray Integration Joint Board (MIJB) and the information is only for noting at this Committee. The legally committed figure of £500k represents 100% of the allocated budget. Spend to 31 March 2019 was £371k which represents 74% of the allocated budget.
- 3.11 The legally committed figure of £115k in Category C represents a 9% over commitment of the allocated budget. Spend to 31 March 2019 was £98k which represents 93% of the allocated budget. There has been £18k repaid to this budget which has impacted on the legally committed and spend figures.

4. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

This proposal relates to:

Priority 1 – Creating a growing, diverse and sustainable economy and;
Priority 2 - Empowering and connecting communities.

(b) Policy and Legal

Maintenance and Improvement works are carried out in order to meet statutory legal requirements and in accordance with current relevant policies.

(c) Financial implications

The financial implications associated within this report are dealt with in paragraphs 3.1 to 3.10 above, with details of the Council house new build programme now being the subject of a separate monitoring report.

(d) Risk implications

Failure to expend agreed budgets may affect the Council's ability to maintain its stock at the Scottish Housing Quality Standard, replace life expired elements and attain the Energy Efficiency Standard for Social Housing. Budget Managers are aware of their responsibilities for managing budget allocations and approval for variance will be sought from Committee in line with the Financial Regulations.

(e) Staffing implications

There are no staffing implications associated with this report.

(f) Property

The improvement and maintenance of the housing stock will ensure that it remains sustainable in the longer term both physically and environmentally.

(g) Equalities/Socio Economic Impact

There are no equalities issues associated with this report as it is to inform the Committee on budget monitoring.

(h) Consultations

Consultations have taken place with the Acting Head of Housing and Property, Property Resources Manager, Building Services Manager, Legal Services Manager, Principal Accountant (Deborah O'Shea), Tracey Sutherland (Committee Services Officer) and the Home Improvement Services Manager, who agree with the sections of the report relating to their areas of responsibility.

5. CONCLUSION

5.1 Housing Investment for both the Council's housing stock and the private sector enables the Council to address the identified priorities to improve the quality of housing stock in Moray. More specifically, the investment in the Council's housing stock enables it to be maintained at the Scottish Housing Quality Standard, allows for replacement of life expired elements and makes progress towards the attainment of both the Moray Standard and the Energy Efficiency Standard for Social Housing.

Author of Report: John Macdonald, Asset Manager
Background Papers: Held on file by the Asset Manager
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